

Questions raised during Presentation to the Government Oversight Committee on February 23, 2005 included:

1. *From Representative Thomas, a question as to whether an employer is required to provide notice to employees on a company's health plan if the employer causes the termination of health benefits by failing to pay health insurance premiums.*

The answer is no. The insurance company has an obligation to the group policyholder to continue coverage while premiums are paid. If they are not, the insurance company will terminate coverage and issue a "certificate of creditable coverage" to each enrollee when that termination occurs. This certificate is generated after the termination of coverage has occurred, with this timing leaving the possibility that the employee might seek care and not be aware that no coverage was in place. As to the further question as to where any disclosure requirement should be created, we believe it should be addressed in employment law.

2. *A second question was raised about situations where patients become responsible for out-of-network costs for treatment because they are not aware that a provider is not in his or her plan network of providers. The specific question is whether a provider must or should post a notice stating to which networks they do and do not belong, with disclosure prior to receipt of services. Also, the question was raised as to whether other states require such prior disclosure. A check with other states has so far yielded no indication of similar rules or law for that purpose..*

Such disclosure is not required. Out-of-network fees may apply to care received in a facility not participating in a provider network. An exception is for true medical emergencies, in which case insurance carriers will pay without requirement of network membership. Pre-authorization of services could result in payment under network provisions in non-network facilities. A subscriber's bill after insurance may have three elements constituting the out-of-pocket obligation of the insured party: a deductible, coinsurance or co-pay, and any percentage difference between network and non-network providers. All told, these could be substantial.

3. *A third question involved the termination of a homeowners coverage for the reason of the presence of a specified dog identified as a vicious dog in the home, although no claims had occurred. Generally, the question was whether such non-renewal is permissible and whether cancellation of homeowner's policies in such a manner is a problem.*

Vicious dogs are often defined in terms of prior injury they have caused or by breed, even in the event that no injury has ever occurred. Such named breeds may include: “a breed commonly known as Akita, Pit Bull, Chow, Rottweiler, Doberman, Malamute, Wolf-hybrid, or German Shepherd” and others. Policies commonly exclude coverage for liability resulting from the actions of such animals and carriers may and do non-renew coverage on their owners as a risk-reduction strategy. In general, no law requires any insurer to renew coverage on any client. Such a practice has not been identified as a problem, in general. Obviously, for the person being non-renewed, it may prove to be problematic until risk factors are eliminated.

*4. We were asked to look into whether we had or might be able to obtain an indication of how many uninsured drivers were on Iowa’s Highways.*

We do not have any way of knowing that number, either as a value or a percentage of drivers. In an attempt to learn more, we contacted the Department of Transportation for any information they might have. They were able to tell us that 27,000 tickets for failure to have an insurance card were issued in 2003. Numbers were not complete for 2004, but about 24,000 were issued by December. They were unable to extrapolate an estimate of the number of those not charged, but driving uninsured.